



North Carolina Department of Health and Human Services
Division of Budget and Analysis
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Michael F. Easley, Governor
Dempsey Benton, Secretary

James B. Slate, Jr., Director

January 22, 2008

MEMORANDUM #2008-02

TO: Division Directors
FROM: Jim Slate *Jim Slate*
SUBJECT: **2008-09 Block Grant Plans Due to Budget and Analysis on March 7, 2008**

As stipulated by G.S. 143-16.1(b), the department's Block Grant Plans for State Fiscal Year 2009 are to be prepared and submitted to Fiscal Research. Prior to submission of the Block Grant Plans to Fiscal Research through the Office of State Budget (OSBM), Department management will review for accuracy, consistency and uniformity and will, as necessary, modify the recommendations of the Divisions. Some modifications may be driven by the Governor's expansion budget recommendations for DHHS. Budget and Analysis (B&A) will submit these plans to OSBM by April 8, 2008.

The nine Block Grants for which DHHS is responsible for developing and submitting plans are listed below along with the lead agency responsible for developing the plan:

<u>Block Grant</u>	<u>Lead Agency</u>
(1) Child Care and Development Block Grant	Division of Child Development
(2) Community Services Block Grant	Office of Economic Opportunity
(3) Low Income Home Energy Assistance Block Grant	Division of Social Services
(4) Maternal and Child Health Block Grant	Division of Public Health
(5) Mental Health Services Block Grant	Division of MH/DD/SAS
(6) Preventive Health Services Block Grant	Division of Public Health
(7) Social Services Block Grant	Division of Social Services
(8) Substance Abuse, Prevention and Treatment Block Grant	Division of MH/DD/SAS
(9) Temporary Assistance for Needy Families Block Grant	Division of Social Services

The same format is being used for the SFY 2009 Block Grant Management Plans as was introduced to you a couple years ago (Attachment 1). Instructions for the plan submission document are incorporated as pages 4-6 of this letter.

Block grants sometimes involve providing funding to divisions other than the lead division. **For divisions that received funding from a block grant for which they are not the lead agency, they must submit all information on their particular block grant to the lead agency by February 22, 2008.** This information should include:

- The Funding Request form
- The Prior Years Appropriations and Expenditures form
- The Program Summary Reports form
- The Detail of Non-Programmatic Block Grant Allocations form
- The New DHHS Positions to be Established with Block Grant Funds form

The division should copy their analyst when submitting information to the lead division. Please ensure that justification and documentation is provided for any additional funds needed, as well as, inform the lead agency of any anticipated reduction in funding need.

Budget & Analysis will coordinate with the DHHS Controller's Office to identify the availability of federal funds for the 2008-09 state fiscal year and will provide this information to the lead agencies as soon as possible.

If your agency's block grant impacts another division/agency, it is necessary for you to coordinate and collaborate with that agency in the development of the plan. Your analyst in this office is available to assist with that process. By engaging in this collaborative process during block grant plan development, our final plans should be much improved and have no surprises for other Divisions. This will also facilitate our meeting the required time frames for submission of the plans to OSBM and, subsequently, to the General Assembly.

Special Provisions Relevant to Block Grants

Review special provisions in Session Law 2007-323 Section 10.55 (b) through Section 10.55 (dd) and determine special provisions that need to be retained, modified with minor changes, modified with substantive changes, deleted, and/or added. Use the attached list, Summary of List of Block Grant Special Provisions, add any other applicable special provisions, and place an "X" in the appropriate column (Attachment 2). It is recommended that you address all provisions that have any impact on your division's operations. If any special provisions for your respective Block Grants need changes, please attach a copy of the modified special provision(s) with the Block Grant(s) (Attachment 3).

Information Due to the Division of Budget and Analysis

The Block Grant Plans with applicable Special Provisions are due to B&A by March 7, 2008. These should be sent electronically to your analyst. Also, submit a copy of any federal regulation for your block grant(s) that specifies public hearing requirements for the plan review.

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Upon review and final DHHS management approval of the Block Grant Plans, the Department will submit the plans to the Office of State Budget and Management for review and Governor's Office acceptance.

Please do not hesitate to contact your analyst in this office if you have any questions. Thank you for your prompt attention in this matter.

Attachments

Block Grant Management Plan Instructions, included with this memorandum.
Block Grant Management Plan for SFY 2009 (MS Excel)
Summary List of Block Grant special Provisions (MS Excel)
Special Provisions Action Form (MS Word)

JBS/dl/pj

cc: Dempsey Benton
Dan Stewart
Jackie Sheppard
Sharnese Ransome
Budget Officers
DHHS Budget Analysts

Instructions for Divisions on Submitting Block Grant Funding Requests Via the “Block Grant Management Plan”

The Block Grant Management Plans will consist of six parts:

1. Block Grant Overview and General Requirements
2. State Fiscal Year 2008-09 Funding Request
3. Prior Years Appropriations and Expenditures
4. Program Summary Reports
5. Detail of Non-Programmatic Block Grant Allocations
6. New DHHS Positions to be Established with Block Grant Funds

These six parts are represented by six worksheets within a single Excel file. You should receive a blank template and sample Block Grant Management Plan along with these instructions. Below are detailed instructions for each of the six parts of the plan.

1. In the **Block Grant Overview and General Requirements** section, the following information must be provided:
 - a. Goal or Purpose of Block Grant: Enter goal or purpose as defined by federal funding agency
 - b. Projected Federal Block Grant Funds Available: Self-explanatory
 - c. Federal Block Grant Financial Requirements: Describe in brief the financial requirements prescribed in the federal and state compliance supplements, such as caps on administration and required maintenance of effort funding. Federal and State match requirements do not need to be entered here – they will be entered on the proposed allocations table.
 - d. Financial Audit Standards Assurance Statement: Do not make changes to this section. It is included to comply with the language of Session Law 2006-203 (HB 914).
2. In the **State Fiscal Year 2008-09 Funding Request** table, all block grant fund allocations will be made within one of the following categories:
 - a. Local Programmatic Expenditures: List all locally administered programs to be funded, grouped by the Division overseeing the program, allocated by program name. Allocations amounts should not include any State personnel or operating costs.
 - b. DHHS Programmatic Expenditures: List all State (DHHS) administered programs to be funded, grouped by the Division administering the program, allocated by program name. Different block grants may have different rules on what may be considered a “program” expenditure versus an “administrative” expenditure; consult with Budget and Analysis if unclear.

Note: Each program listed in either (a) or (b) must be represented in the Program Management Database. If funds have been earmarked for a specific activity or service within a program, the allocation should list the program first and then the earmarked activity, and correspondingly, that activity should be entered as a unique service of that program in the Program Management Database. Where necessary to allow for financial flexibility at the local level (and only where necessary), programs may be grouped into broader funding categories. (See the sample SSBG allocation table attached.)

- c. Local Administration: Group by Division overseeing the funds; allocate by local entity type (e.g., County DSSs, LMEs, etc.) If funds have been earmarked for administrative costs associated with a particular purpose/activity, list the entity type first and then the purpose/activity.
- d. DHHS Administration: Allocate by division. Includes DHHS administrative support costs. If funds have been earmarked for administrative costs associated with a particular section or program, list the division first and then the section or program.
- e. Transfers to other state agencies: Allocate by state agency. If funds have been earmarked for a particular program or activity, list the state agency first and then the program or activity.
- f. Transfers to other block grants: Group by Division, allocate by block grant name first and then program name.

NOTE: Transfers *from* other block grants should be listed under the funding category in which they will be applied, with the transfer information in parenthesis [e.g., under Local Program Expenditures: “DSS County Block Grant (Transfer from TANF)”].

The proposed allocations table also includes three columns which should contain the following information:

- Required State Match: By line item, specify the federal and state requirement for state match. Match requirements should be presented as a percentage. If there is no such requirement, enter “N/A.”
- Required Local Match: By line item, specify the federal and state requirement for local match. Match requirements should be presented as a percentage. If there is no such requirement, enter “N/A.”
- Explanation of Difference Compared to SFY08 Allocation: If there are significant changes in funding level from the previous year, explain those changes in this column. Where allocations may be made under different names or breakdowns describe how those funds were allocated in SFY07 compared to what you are requesting for SFY 08.

3. The **Prior Years Appropriations and Expenditures** table should include all line items funded in the current year and two previous years. The allocation line item name should reflect previous appropriations bills, if different from the name used in the SFY 2008-09 Funding Request table. The items listed should be grouped by Division or Transfers (as shown in template), and should be ordered to match the SFY 2008-09 Funding Request table as much as possible. Reference the SFY 2008-09 Funding Request table item number that matches the prior year appropriations.

NOTE: Because the requirements for proposed allocations change, there will not always be a 1:1 match with prior year appropriations. Your analyst can provide assistance as needed.

4. The **Program Summary Reports** coversheet lists all funded programs from sections (a) and (b) of the proposed allocations table. You should fill in the cover page template, but it is not necessary to include copies of the Program Summary Reports when submitting your Block Grant Management Plan. It **is** necessary to ensure that all programs listed are entered into the Program Management Database.

NOTE: Financial data in the Program Management Database does **not** have to match the financial data in the block grant allocation tables, as programs may have additional sources

of revenue. For any questions regarding the Program Management Database, contact Kevin E. Thompson in the Office of Policy and Planning.

5. The **Detail of Non-Programmatic Block Grant Allocations** section will provide a brief description of each line item in sections (c), (d), (e), and (f) of the allocation table.
6. The **New DHHS Positions to be Established with Block Grant Funds** table will show, by division, any new positions to be established with these funds, and the proposed allocation item number supporting them. **Do not** include in this table existing positions that have been previously funded by the block grant, only those that will be newly established with block grant funds.